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March 30, 1987

# Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Staff photo by Mary Hershey

**Charlotte Beers**, formally elected chairman at the Four A's meeting, is flanked by association President Len Matthews (l.) and new Vice Chairman William Weithas.

# 4A's message: Rebuild trust

By STEWART ALTER and GARY LEVIN

Boca Raton, Fla.—Disruptions caused by mergers and a slowdown in ad spending last year have given way to a sobering new perspective at ad agencies.

One major concern is a "crisis in advertiser confidence in [ad] agencies," American Association of Advertising Agencies President Leonard Matthews was scheduled to say in his windup speech for the group's 69th annual meeting here.

"The bottom line is that many advertiser top-management people view us in a less favorable light than ... two years ago. We appear less responsible, less accountable, less businesslike. We appear more money-oriented and less creative-oriented. We are less likely to be considered business-marketing partners than we were."

Agency executives gathered here last week pointed to three areas of concern: rebuilding trust in agency-client relationships; remaining lean and efficient while ad budgets begin to come back this year; and pursuing opportunities presented by last year's megamergers.

Also, in marked contrast to other meetings where food and cosmetics & beauty aids clients announced plans for major increases in marketing expenditures (AA, Feb. 23, *et seq.*), most of the 700 agency executives, guests and spouses at the Boca Raton Hotel & Club did not share the same exhilaration.

In a prepared text scheduled to be delivered March 28, Mr. Matthews said that three-quarters of the Four A's 60-member sampling panel "are projecting improved income and profits in 1987 and more than half expect to see improved profit margins."

But, cautioning against too much optimism, Mr. Matthews explained that "this projection is relevant to 1986, and 1986 was a lousy year. So my reading is that 1987 will be better than 1986, but it may be far from the best years we've experienced in the late '70s."

And while many agency employees lost their jobs last year as revenues declined, the business is far from the "lean and mean" machine it might fantasize itself to be, he said.

Using the number of employees per $1

*(Continued on Page 74)*

# Frito play

## New 'basics' strategy takes on regional rivals

By JENNIFER LAWRENCE

Dallas—Frito-Lay, the nation's largest salty-snack marketer, is implementing a regional marketing program that will redirect part of its national promotion budget to eight offices across the country.

Field marketing staff for the first time will have the authority—and the funds—to tailor programs against strong, local competitors.

At the same time, the $3 billion company is putting marketing emphasis back on its existing, powerhouse brands—Cheetos, Doritos, Fritos, Lay's, Ruffles and Tostitos.

The reason for this shift is that Frito-Lay, the "financial underpinning" of parent PepsiCo as its traditionally top profit contributor, had a disappointing 1986, mostly because of a bungled new-product binge.

Although F-L's net sales were up 6% to $3.01 billion last year, profits were flat before a $52 million write-off resulting from the unsuccessful new items, namely three specialty snacks earlier—now ironically—dubbed Max Snax.

The unit's operating profits accounted for 47% of PepsiCo's profits in 1985, but '86 profits of $343 million contributed only 38% to the parent's total. It was the second consecutive year of lackluster profit growth at F-L.

The man behind the refocused strategy is Michael H. Jordan, 50, who since December has been at F-L's helm as president-ceo of the newly organized PepsiCo Worldwide Foods (AA, Dec. 1).

Formerly exec VP-chief financial officer and then president of the Purchase, N.Y.-based parent, Mr. Jordan had been F-L's president in 1983 and '84. He reassumed the reins from Willard C. Korn, who resigned as F-L president after leading what was possibly the most aggressive new-product push in the company's history.

In his first interview since taking his new post, Mr. Jordan told Advertising Age that his mission is not only to bring a return to profit growth but to marketing discipline as well. That includes the attention being paid to the regions.

"Traditionally, Frito-Lay spent less than 10% of resources on a regional basis—but we will be spending a significantly larger amount," Mr. Jordan said.

**Back in charge**, Michael Jordan returns to the basics of chip marketing.

Frito-Lay's new top executive also intends to change things by reasserting the strength of F-L's well-known brands (any new brands on the agenda will be delayed until 1988).

The company already is pushing hard with one of last year's winners: A Cool Ranch flavor addition for its Doritos tortilla chips.

Doritos' Salsa Rio, a picante-flavored tortilla chip, will be put into test next month in the Pacific Northwest.

One of the lessons learned from Max Snax: The test marketing of new products is essential, even for Frito-Lay.

Management agrees that Max Snax—actually Rumbles, a granola snack; Stuffers, a cheese-filled snack; and Toppels, a cheese-coated cracker, all introduced simultaneously (AA, April 14)—suffered from premature rollout.

Perhaps more significant for Mr. Jordan's turnaround effort, long-term, is his vision of F-L as a national brand marketer with a strong regionally differentiated promotion strategy.

"Our [new] strategy," Mr. Jordan said, "will be much more flexibly driven and

*(Continued on Page 70)*

## Last Minute News

### Four A's voices opposition to ad tax

Boca Raton, Fla.—American Association of Advertising Agencies at its meeting here issued a statement formally opposing Florida's proposal to extend its 5% sales tax to advertising (AA, March 9). The tax, if passed by the Legislature, would take effect July 1.

### Taco Bell throws in towel for Tarkanian

Irvine, Calif.—Taco Bell signed University of Nevada-Las Vegas basketball coach Jerry Tarkanian to an endorsement agreement involving the white towel he nervously chews during games *(see related story on Page 3)*. The deal was made in time to get several Taco Bell logos on each of Mr. Tarkanian's towels for UNLV's Final Four game against Indiana University March 28 in New Orleans, to be

*(Continued on Page 8)*

# Federal: Goodbye Ally

By BRIAN MORAN

New York—Ally Gargano/MCA Advertising's loss of the $20 million Federal Express Corp. domestic account to Fallon McElligott triggered an immediate flurry of employee dismissals and raised questions about the once high-flying agency's future.

The layoffs extend into all Ally Gargano/MCA departments and are expected to total about 50 employees, or 25% of the staff.

Dismissals last week included Larry Dexheimer, exec VP and former agency president; Gene Willhoft, VP-associate media director, and Marsha Cohen, VP-manager, research; and Mark Hurst, VP.

Layoffs in the agency's creative department were not expected to begin until March 27, when Amil Gargano, chairman-creative head, returned from an out-of-town trip. Mr. Gargano, who gave up the agency ceo post in January to MCA's Robert Kamerschen, could not be reached for comment. Mr. Kamerschen and President William Bishop also did not return.

A staff memo issued by Mr. Kamerschen on March 24, the day of the account loss, said in part that "FedEx's decision will have a major adverse economic impact on our operations, necessitating some substantial and immediate personnel reductions. ... We will complete the necessary staff reductions within a week

*(Continued on Page 72)*

# Highlights


**Tracer's blitz** 4

Ford Motor Co.'s Lincoln-Mercury division is backing its new upscale subcompact Mercury Tracer with the division's biggest-ever advertising blitz, topping even the $35 million media launch for the Sable. The estimated $38 million Tracer campaign represents about 30% of the division's total 1987 spending.

**Raisins lead ad awareness** 6

With a yearly budget that pales in comparison to McDonald's Corp.'s monthly spending, the California Raisin Advisory Board inched past the fast-food marketer in advertising awareness. The board's "grapevine" spots came to mind first for 2.3% of respondents asked to recall the first ad they had seen, heard or read in the past 30 days.

**Hush Puppies step out** 12

Wolverine World Wide is determined to get its Hush Puppies footwear division out of the doghouse. Contemporary image-oriented print ads, breaking in late April issues of consumer magazines and a trade publication, are designed to shed Hush Puppies' staid image as a marketer of only pigskin shoes.

**Apple of Seattle's eye** 26

The Washington State Apple Commission's decision to hire McCann-Erickson's Seattle office for its $6 million account is the latest indication that the city has begun to recover from a slew of account departures that began 18 months ago.

**Automakers try to recoup** 28

New promotions that offer detergent and paper towel buyers a chance to win automobiles are attempts to solve a problem caused by the automakers themselves. The problem is that a previous marketing tool—expensive, deep-discount consumer loans—has helped dry up demand and consumer excitement.

**No holds barred at nets** 58

Major TV networks will go all-out with miniseries, specials, TV movies and fresh episodes of their strongest series to boost ratings during the next rating sweeps period in May.

**Extending coffee's yield** 62

Chock Full o'Nuts is banking on continuing growth of the $550 million extended-yield coffee segment—despite declines in coffee prices. Going national with new Ultra Blend, company officials said they are optimistic about extended yield, one of the fastest-growing segments of the $5.5 billion coffee market.

**Malt liquor king** 63

G. Heileman Brewing Co. is moving to increase its dominance of the malt liquor segment with a $3 million campaign for its recently acquired Champale brand. Malt liquors, with higher alcohol content than regular beer, accounted for only 3% of total beer industry shipments last year, but La Crosse, Wis.-based Heileman is close to making the segment a private fiefdom.


## INTERNATIONAL


**Hyundai loses momentum in Canada** 46

The honeymoon seems to be over for Hyundai Auto Canada, but the Korean automaker plans to remain a force in the Canadian market. Sales slipped last year to 70,000 cars, compared with 79,000 units in 1985.

**U.K. shops stake out France** 48

Three large British-owned ad agencies are taking a closer look at buys in France, a market U.S. shops have found tough to penetrate. France's most creative agencies—including Boulet Dru Dupuy Petit and Roux, Seguela, Cayzac & Goudard—are increasingly looking for U.S. and U.K. buys themselves, rather than be acquired.


## OTHER NEWS

General Foods Corp. this week starts its first network TV advertising for Post Natural Bran Flakes—more than tripling ad spending for the high-fiber cereal targeted to consumers age 45 and over. Page 6.

A host of advertisers, ad agencies and media companies have adopted or considered new shareholder structures in recent months. Interest in limited partnerships and Subchapter S filings is a reaction to the new tax law, which makes personal tax rates lower than corporate rates. Page 24.

The explosive growth of TV shopping services is both threatening and beckoning to marketers that traditionally have thrived on selling goods and services directly to consumers. Page 34.

Producers of marginally rated TV series trying to fend off cancellation may have an edge on negotiating renewals if they have scored impressively with black audiences. Doug Alligood, VP-special markets at BBDO, reached this conclusion after comparing viewing in black and non-black households last October, December and January. Page 50.

The way Black & Decker Corp. sees it, the next best thing to putting a Dustbuster mini-vacuum into the hands of today's consumer is putting a replica into the hands of tomorrow's consumer. The company's vacuums, mixers, toasters and irons soon will appear as toys for kids through a licensing agreement with Creative Design, Jenkintown, Pa. Page 62.

## SPECIAL REPORT

***Cable Television**—With most of the nation wired for cable, the industry's future growth depends heavily on its ability to market itself. Multiple system operators, networks and premium pay services are stepping up their activities.*

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# Scali, BJK&E garner major toy business

By SARA E. STERN

Major toy marketers and the industry's major retailer are cleaning out their ad-agency toyboxes.

In the largest single reassignment, New Rochelle, N.Y.-based retailer Toys "R" Us last week moved creative responsibility for its estimated $15 million account to Scali, McCabe, Sloves, New York, from Grey Advertising.

DDB Needham Worldwide, SSC&B and Bozell, Jacobs, Kenyon & Eckhardt, all New York, were the other finalists in the review (AA, March 9).

Bohbot & Cohn, New York, remains Toys "R" Us' media-buying agency.

Similarly, the marketer that did much to boost the toy-chain's sales over the past few years, Coleco Industries of West Hartford, Conn., moved an estimated $14 million in billings from longtime shop Richard & Edward's, naming BJK&E for creative on its Furskin plush bears and Rambo action-figure line. Media buying is going to Admerex International, N.Y.

Loss of its largest client could be a crippling blow to Richard & Edward's. An agency spokeswoman said the agency is considering a "restructuring."

Pawtucket, R.I.-based Hasbro, meanwhile, will add a third ad agency next month, this one to handle a joint-venture electronic-toy subsidiary it is creating with Axlon of Sunnyvale, Calif.

Al Carosi, Hasbro corporate VP-marketing services, said this new unit will be called either Hasbro Electronics Division or Hasbro Technology. Six agencies are involved in the review, he said, including incumbents DDB Needham Worldwide, Chicago, and Griffin Bacal, New York.

Billings will exceed $5 million, Mr. Carosi said, with new products to be unveiled as early as summer.

Toys "R" Us VP-Marketing Ernie Speranza said Scali's creative will focus on the chain's reputation as a "children's supermarket."

Despite a modest 5% growth last year in the $12.5 billion toy industry, Toys "R" Us in 1986 reported sales of $2.5 billion, a 24% increase over 1985. While it credits Coleco's Cabbage Patch Kids dolls with helping to boost sales over the past five years, sales of the adoptable dolls have plummeted 58%, to $250 million, causing the retailer to look elsewhere.

> While "Coleco can't afford not to advertise, we have to be very careful how to spend our money."
>
> —*Coleco's Dean Heitler*

Mr. Speranza foresees interactive toys—including possibly Coleco's new Talking Cabbage Patch Kids—as best-sellers.

Coleco, too, is banking on Talking Cabbage Patch Kids as well as a talking ALF doll and its StarCom action-figure line to relieve its 1986 loss of $110 million on sales of $500

*(Continued on Page 72)*

# Northrop severs Lord, Geller ties

Los Angeles—Northrop Corp. will end its one-year relationship with Lord, Geller, Federico, Einstein, New York, when their contract expires April 30.

Jim Taft, Northrop director of corporate advertising, said the agency was unable to deliver acceptable creative. Northrop is contacting West Coast agencies concerning its $4 million-plus corporate image account.

Northrop is using BBDO/-Slightly Further West for a project, but Mr. Taft wouldn't comment on the potential for a greater commitment.

## West Coast News

**Northern California** Chevrolet Dealers, San Francisco, hired Graham Advertising, Walnut Creek, for its $5 million account, previously at Mojo MDA-Allen & Dorward. Also competing were Girvin, Conrad & Girvin, Rancho Cordova; J.W. Messner Inc., Grand Rapids, Mich.; and Pinne, Garvin, Herbers & Hock, San Francisco.

**Atlantis Dairy Products**, Huntington Park, is introducing Bon Lait Fromage Frais, a yogurt-like cheese product, in southern California. Light-hearted TV spots use Robin Leach, host of "Lifestyles of the Rich and Famous," as narrator. He takes viewers on a journey through the "Refrigerators of the rich and famous"—those belonging to model Christie Brinkley and actress Lauren Bacall. Mendelsohn/-Zien, Los Angeles, created the campaign, which breaks today. Another TV flight starts in June.

**Safeway Stores'** southern California division on April 2 begins a one-month joint promotion with Long Beach-based Jet America Airlines, offering 10% discount coupons on air fares and free flights. The grocery chain is distributing the coupons in newspaper ads in southern California, Arizona and Nevada. Radio spots support. Italia & Associates, Long Beach, Safeway's agency, is handling the promotion. Basso & Associates, Newport Beach, is Jet America's agency.

# GF's Post puts ad bulk behind its bran flakes

By JUDANN DAGNOLI

General Foods Corp. this week starts its first network TV advertising for Post Natural Bran Flakes —more than tripling ad spending for the high-fiber cereal targeted to consumers aged 45 and over.

The estimated $7 million campaign is further evidence of a renewed push in the $5 billion ready-to-eat cereal market by GF, which earlier said it will test two new cereals this year (AA, Feb. 23). The perennial No. 3 in the category with a 13.3% share, GF trails No. 1 Kellogg Co.'s 41.6% share and General Mills' 21% share.

The TV spots breaking March 31 feature entertainer Steve Allen and Rue McClanahan of NBC-TV's "Golden Girls." The two appear in separate 15-second spots, whose initial six-week run will be back-to-back on morning news programs and daytime slots, said Peter Isaia, VP-management supervisor at Grey Advertising, New York. The spots later will run separately.

Rye Brook, N.Y.-based GF is trying to line up other celebrity spokesmen for the cereal.

GF appears to be trying to revitalize its cold-cereal line, which analysts say suffered in recent years from a cutback in new-product introductions and ad spending. The Post unit's volume dropped by 4% in 1985, compared with 8% growth for Kellogg and 5% growth for General Mills.

During the first nine months of 1986, the Post bran entry received $1.9 million in media spending, according to Leading National Advertisers.#

ADWATCH

# Raisin' recall

## Grapevine beats Big Mac

By JULIE FRANZ

When it comes to pitching food products on their nutritional value, which are consumers most likely to remember: McDonald's, the nation's largest restaurant chain, or a bunch of dancing raisins?

TV spots for the California Raisin Advisory Board featuring three completely cool, Claymation raisins danced past McDonald's last month to claim the crown as the best-recalled advertisement.

With a yearly budget that pales in comparison with what McDonald's spends in a month, the board's raisins came to mind first for 2.3% of respondents asked to recall the first ad they had seen, heard or read in the past 30 days.

McDonald's ads pulled 2.1% of first mentions. It has been combining a TV push for its five breakfast sandwiches with its continuing $12 million print effort showing its responsiveness to consumers' nutritional concerns. McDonald's garnered 2.7% of first mentions in the January survey.

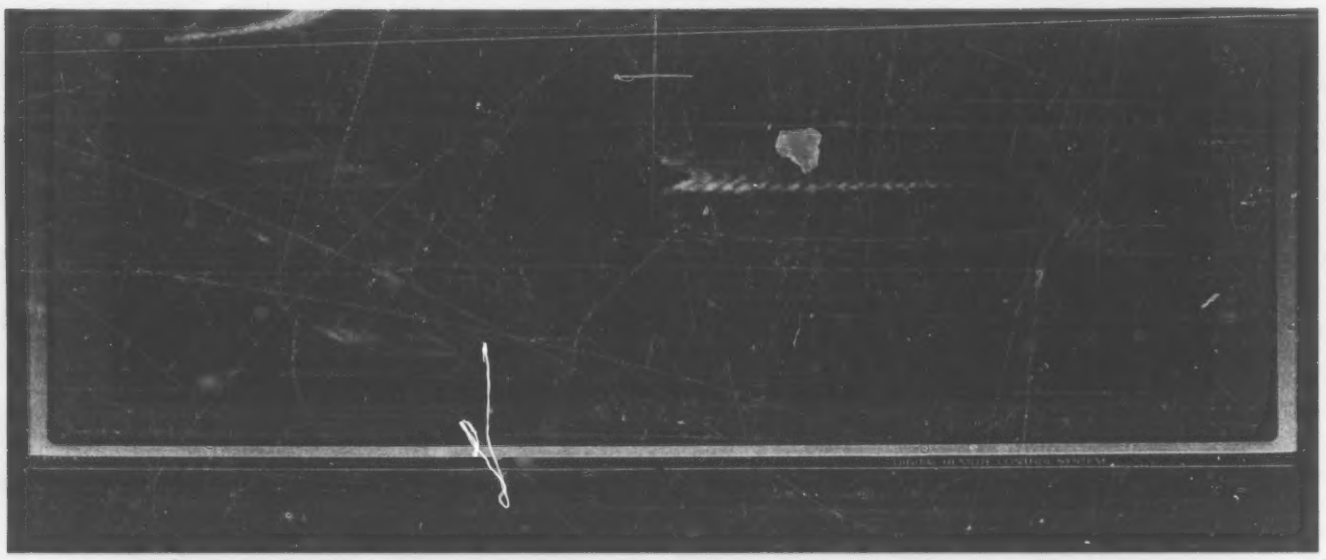
The singing, dancing clay raisins appeared among the top 10 recalled ads as soon as they hit the airwaves, placing No. 6 in October. They moved into the top spot in both November and December, but fell back to No. 5 in January when McDonald's first broke its nutrition campaign.

Those raisins are hip, but they've got a long way to go if they hope to beat McDonald's amazing record. Big Mac's advertising consisently has placed among the top 10 in unaided awareness since April 1982,

(Continued on Page 71)

## CORRECTIONS & CLARIFICATIONS

- One of the creators of Inc.'s salt-and-pepper shaker set promotion (AA, Feb. 16, P. 46) was misidentified. The monthly's Boston office and Amy Krakow, a New York-based free-lance copywriter, created the promotion.
- In the Bank of Baltimore spot in Global Gallery (AA, March 2, P. 40), the name of the director was erroneously listed as Ralph Boda. It should have read Jeff Millman; Mr. Boda was the cameraman on the production.
- Mark Liu's age was misstated in an item on his appointment at *Lear's* (AA, March 23, P. 8). He is 40.
- The sales and earnings chart accompanying the Wilson Sporting Goods Co. corporate close-up was incorrectly plotted (AA, March 23, P. 83). The left-axis numbers should have started with $350 million at the top and $50 million at the bottom.#

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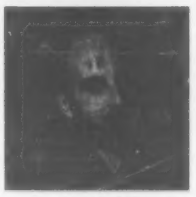

Stephan W. Schulte
Sr. Vice President, Direct Broadcast Development
Showtime/The Movie Channel Inc.

"We knew that when we started scrambling our satellite transmissions, there was a potential of over a million and a half homeowners with earth stations who would immediately want to know how to unscramble them.

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# CBN's image campaign spreads the gospel truth

By Janet Meyers

CBN may well be the Rodney Dangerfield of cable networks—it gets no respect.

From its inception in April, 1977 as a religious broadcaster, CBN has struggled to grab onto mainstream advertisers and their dollars. The high-profile campaigning of founder Rev. Pat Robertson, an expected Republican presidential candidate in 1988, has only added to that struggle, even though CBN Cable Network tries to maintain a distinct identity from parent Christian Broadcasting Network.

Ad agency executives sniffed at the channel's "holy-roller" beginnings as part of Rev. Robertson's Network, and refused to buy it for fear their clients would be linked in viewers' minds with the electronic ministry. Agency buyers who did deign to examine CBN's healthy ratings often dismissed the network's programming as stodgy and boring. Having headquarters in Virginia Beach, Va., also didn't help much in selling ads to New York executives.

Those were just a few of the special problems besetting CBN, the fourth-largest cable network in terms of viewership according to A.C. Nielsen Co.'s fourth quarter, 1986 ratings, as it battled for advertising dollars.

Only recently has CBN programming expanded sufficiently that the channel's touchstone, the "700 Club" talk show hosted by Rev. Robertson, comprises only four hours of its daily fare compared to six hours five years ago and five hours last fall.

Ad-supported, non-religious programming currently represents 75% of the network's offerings, according to John Roos, CBN VP-advertising and marketing. Over the past year, Mr. Roos adds, the channel's religious programming has decreased 25%.

"They're trying to come across as a mainstream cable network," says Alec Gerster, exec VP-media for Grey Advertising, New York. "They're trying to say, 'We're not just the '700 Club' or 'Mr. Ed.'"

CBN now has 34.1 million viewers according to Nielsen's January figures, and is flexing its developing muscles.

In February, some 17 basic cable networks, including CBN, ESPN, Lifetime, USA Network and Ted Turner's WTBS superstation, formed a consortium called CableOne. The central buying office will negotiate with agencies on behalf of the networks; it plans to offer clients a buy that will run on all 17 networks, with a guaranteed rating level. The consortium's collective clout should help CBN diffuse its lingering image as a religion channel.

But CBN also wants to take care of itself. In the past two years, it has aggressively produced and pursued fresh, original programming, such as its upcoming, brand-new "Lassie" series. And last September, it tripled its trade budget to nearly $1 million and launched its first major trade campaign that dared advertisers to "Just Watch Us."

That campaign, created by Wunderman, Ricotta & Kline, New York, deluged the New York ad community with telephone kiosk ads and subway posters; radio spots and direct mailings blitzed New York and other markets as well. The campaign continues this year with special emphasis on CBN's programming.

Original programming, however, is expensive to produce, so now CBN has to convince advertisers not only to buy the network, but to buy it at higher prices than in the past. CBN Cable President Tim Robertson admits that's a "classic marketing problem. How do you go from being a discount shop to being a boutique?"

The network saw its ad revenues rise 30% last year. "We've seen an increase, but we need to be up more," says Mr. Roos.

Progress is slow. One ad exec says CBN's image is still "tarnished"; others look positively at CBN's new programming.

Before embarking on its "Just Watch Us" campaign, CBN commissioned Wunderman in late 1985 to find out why it couldn't score with advertisers, despite its healthy viewership.

Research showed that the ad community believed CBN was "too bland, too conservative," says Mr. Roos. "We took that thought and addressed it directly with an ad headlined, 'So you never thought CBN had an original idea.'" The ad, which ran in trade publications last year, featured a scene from "The Campbells," a Canadian series produced exclusively for CBN.

This year, CBN again will spend about $1 million on trade advertising, with ads focusing on such new CBN fare as its "Lassie" series breaking this fall and an exclusive, two-year run of "Paper Chase" shows. Mr. Robertson hopes "Paper Chase," a series about lawyers, will reel in the upscale professionals CBN has been missing.

Its demographics are skewed heavily female, aged 25 to 54, earning $25,000 and up. While that's attractive for package goods and household products, CBN wants a broader mix. To help accomplish that, the network entered into a joint venture with Coca-Cola Telecommunications, Burbank, Calif., to produce four new comedy and drama series for 1988. It is scouting around for other programming as well.

CBN and Wunderman are also readying an ambitious direct mail campaign that will be sent to 200 top agency executives and advertisers throughout the country. The packet includes a video of Mr. Robertson discussing the network, as well as a folder containing information on the network's programming, ratings and demographics.

Wunderman's research also revealed that the ad community's perceptions of the network didn't jibe with CBN's viewer profile. Agencies seemed to believe, says Mr. Robertson, that CBN's viewers lived in less populated parts of the country. While he admits that urban representation isn't as high as he would like, he notes that more than 50% of CBN's audience lives in more populous suburbs and counties.

Wunderman's campaign has taken a jazzy, contemporary approach. Radio spots feature music commissioned from recording studio Sweet Home, a subsidiary of Joy Art, Chicago. The spots have aired in Dallas, Denver, Los Angeles, New York and Seattle, and will break in Chicago and other markets in April. In Denver, CBN bought radio time for a three-minute version of the "Just Watch Us" song created specifically for the campaign.

To spread the gospel about its growing Nielsen numbers, CBN is planning a direct mail contest aimed at agency media buyers who will be eligible to win a free trip anywhere in the world.

The basic problem we sensed was that people didn't understand what we were," Mr. Roberston says. "They thought we weren't serious about being in the cable business and that we weren't serious about advertisers and weren't paying attention to them."

Mr. Robertson has doubled CBN's sales staff, and some New York agencies say they're noticing CBN's higher profile.

Consumer advertising, handled in-house, will be more than $3 million this year, up about $1 million from 1986, Mr. Roos says. The network plans more direct spending in addition to co-op ads with cable operators.

"'Just Watch Us' was a dare," explains Joel Tucciarone, Wunderman senior VP, director of strategic marketing. "We needed a campaign that was very up. 'Just Watch Us' had an implicit challenge in it, but not in a nasty sense. We wanted to get people to try CBN, but sort of as a come-on."

Mr. Tucciarone is about to delve into new research to discover how agencies' perceptions of CBN have changed since the campaign began.

CBN's religious affiliation shouldn't be a deterrent, Grey's Mr. Gerster says. "As people get used to it over time, those types of issues tend to fade away."

## CBN rates big gain

*Avg. quarter-hour audience in households, all operating dayparts*

Source: A.C. Nielsen Co.

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# Co-op promotion pushes products, shrinks bills

By Nancy Zeldis

Late this summer, cable TV households in Southern California and Pittsburgh will be party to a novel marriage of advertising and promotion that turns package goods purchases into savings on cable bills.

Eighteen Southern California multiple system operators, representing 49 cable systems in the Los Angeles County area of dominant influence, will begin a six-month test of the program in August. Englewood, Colo.-based Tele-Communications, Inc., the nation's largest MSO, will undertake a Pittsburgh-based test at the same time.

The participating Southern California cable systems represent 920,000 of the 1.2 million subscribers in the Los Angeles County ADI, according to William Aubrey, assistant to Doug John, president and marketing manager, Westport, Conn.-based Glendinning Associates, which created the promotion. Among those taking part are American Cablesystems, Comcast Cable Communications, and Falcon Communications.

"We hope to see the promotion roll nationally on a quarterly basis by early next year," says Mr. John. Package goods marketers' first commitments to the initial dual-market test are expected in early May.

The Free Cable TV Shopping Spree" features a booklet inserted in cable subscribers' monthly bills containing photos, by category, of participating brand-name grocery items.

Subscribers are asked to buy the featured products at the store of their choice and send their Universal Product Code labels to the fulfillment center at Glendinning as proofs-of-purchase. Glendinning supplies postage-paid return envelopes.

Subscribers receive a rebate check from Glendinning for the amount of credit they've accumulated, which they send to the cable operator with the remaining portion of their monthly payment.

"Every two products purchased will cut $1 off the subscriber's monthly bill," Mr. John explains. Spree credits earned through purchases can whittle a bill down to zero. If the credited amount exceeds the bill, additional savings will go toward the following month's bill.

Package goods manufacturers handle 90% of the cost; the remainder is split between operators and Glendinning.

According to Tony Farwell, executive director of the Southern California Cable Television Marketing Council, whose members include the 49 participants, Glendinning pays operators a fee to cover costs for inserting the booklets into home service bills. The cable companies advertise the promotion on their systems, charging package goods advertisers, via Glendinning, a fee of just less than 10% off their rate card.

Mr. Farwell says that for package goods manufacturers, the promotion is a high-profile alternative to the cluttered, free-standing insert arena. "What's more, it's a retention program for cable operators. We think people most likely to take this up are those who are price sensitive, and therefore not likely to renew their subscription," he says.

The slogan tentatively adopted for the promotion is "Turn Your Everyday Shopping Into FREE Cable TV service." Mr. John says the program is just being presented to package goods manufacturers now. While he won't divulge names, he says a number of major companies are close to signing contracts with Glendinning. He adds that the company is willing to negotiate product exclusivity rights with manufacturers. "We're pursuing brands with broad household penetration and high purchase frequency," he says.

To take part in the program, manufacturers will pay Glendinning approximately $20,000 each; if consumer response is overwhelming, the cost could be higher. The program has been in the planning stages since last September.

"Los Angeles was selected as a kind of torture test," Mr. John says. "We felt if we could arrange a mechanism for linking up 90% of the [county's cable] subscriber base, which we did, we could do it anywhere."

The promotion marks the first time cable operators will be banding together to market their services as a whole in the Southern California area. "Cable operators realize it's best to band together to grapple with marketing problems," Mr. John adds.

The promotion is primarily geared to reducing the industry churn rate—the number of subscribers dropping their subscriptions each year—and to boosting cable penetration in the stiffly competitive Los Angeles market.

"If you can reduce the erosion of the subscriber base, it turns into increased profit," Mr. John says.

*(Continued on Page S-12)*

*Nancy Zeldis is Advertising Age's Fairfield County, Conn., correspondent.*


**This man clobbered Dick Cavett, Max Headroom and Larry King.**

**Ralph Emery, host of NASHVILLE NOW, voted Favorite Cable Personality of the Year and Best Host of a Talk/Entertainment Series.***

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*"The Cable Guide" 1986 Readers Poll.

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# MSO challenges viewers' programming savvy

By Lori Kesler

Sometime this spring, some 800,000 subscriber households in United Cable Television's 53 operating systems will get an invitation in the mail inviting them to play "The $50,000 Cable Network Challenge."

Sounds easy enough. Just match the cable programs to their cable networks, write in the correct channel numbers on the game cards, and get a $5 instant-winner prize as well as a shot at the $5,000 grand prize.

But here's the catch. To fill out all nine game cards correctly, the contestants will have to do a little homework—either from their TV screen or from a cable TV program guide.

They'll have to figure out, for example, which network carries the world's messiest game show. They'll have to look for "Larry King Live" and comedian Robert Klein's series. They'll even learn where to locate the exuberant Dr. Ruth with her helpful hints about good sex. By the time the contestants finish entering the contest, they'll be transformed into cable programming experts. And that's the whole idea.

Denver-based United Cable Television, the country's eighth-largest multiple system operator, recently launched the promotion as part of an elaborate $1.5 million campaign designed to position deregulated cable as a new, improved product.

"In the past, companies like ours didn't spend very much money on marketing because they didn't need to," says Nimrod Kovacs, United's marketing VP. "New business came from building new systems. But now that there's no more virgin territory, we're all going to have to spend some hefty dollars to get people to make greater use of our product."

*Lori Kesler, Advertising Age's St. Louis correspondent, is a frequent contributor to Special Report.*

Mr. Kovacs says the cable industry's "pole-climbing" days have given way to a marketing-driven era. And he says government has loosened its grip on cable operators because they function in a far more competitive environment today.

On Jan. 1, the Federal Communications Commission effectively removed state and local governments' power to set basic cable rates. System operators now are free to charge whatever they think customers will pay for programming packages.

Prior to deregulation, says Mr. Kovacs, basic rates were kept artificially low while price pressures pushed the unregulated, premium-channel fees artificially high. Meanwhile, he says, cable faced mounting competition as the video rental market rapidly grew into a $4 billion industry and independent TV stations proliferated from about 80 five years ago to 250 today.

Cable operators eventually convinced the government that regulation was obsolete. Says Mr. Kovacs: "We argued successfully that the alternatives to cable aren't regulated, and that to compete with them, we had to be able to effectively manage our business."

Like many other MSOs, United Cable, which owns or manages 53 systems in 18 states, has taken steps to do just that by overhauling its price structure, adding new programming services, realigning channels and mounting the biggest marketing campaign in its history.

In January, basic rates went up an average of 15% in most United systems. The suburban Denver system, for example, boosted its monthly fee to $12.95, a jump of $1.50, or 13.1%. But United sweetened the basic package by adding such ingredients as the American Movie Classics channel, C-Span II (which offers live Senate coverage), Cable Value Network and the Discovery Channel.

"We're bringing the cost of basic cable in line with its value, but we're not taking wholesale price increases," says Mr. Kovacs.

At the same time, United is reducing premium service fees for "multi-pay" customers—those who subscribe to more than one premium service. Mr. Kovacs says the company is also considering cutting prices for "single-pay" customers.

**Direct mail booklets highlight United's services.**

To fill out its menu of programming services, United is making interactive pay-per-view available in all markets during 1987. Officials think the interactive equipment will help increase pay-per-view business because it lets subscribers receive pay movies simply by pushing a remote control button at home; they previously had to call ahead to get PPV programs.

And United, like most other cable operators, has repackaged its channel lineup—a move now allowed by deregulation—so that some of the most popular basic cable networks occupy the more attractive low-number spots while some local-access channels have been bumped higher up the dial.

"We try to put the best basic cable in the slots between the ABC, CBS and NBC stations," Mr. Kovacs says. "It's like a shopping center, and we're going after the foot traffic."

To highlight the changes taking place in United systems, the company in January began the staged rollout of its five-month, $1.5 million advertising and promotional campaign themed, "The New United Cable. See What's In It For You."

Officials say they hope to bring some 60,000 to 70,000 units into the system during the campaign drive, which broke first in the suburban Denver system and is scheduled to roll through United systems in suburban Los Angeles, suburban Detroit, Scottsdale, Ariz., and other markets.

"Our goal is to increase revenues per homes passed," says Joel Susel, corporate director of field marketing operations. He says the company also is trying to retain more of its old customers in the face of price increases. The cable industry loses some 30% to 35% of its subscribers every year, he says, "so to come out ahead, we have to make up for the churn and grow beyond it."

United is promoting its message on its own cable TV systems and is spending about $200,000 for outdoor, print and radio advertising created by Wills & Evans, New York.

But the bulk of the corporate marketing budget—$1.3 million—supports a sweepstakes game, direct mail, telemarketing and direct sales calls. Mr. Kovacs says the company depends heavily on direct marketing because it provides measurable results and efficient coverage. "In most cases, we don't own an entire market, so there's too much waste in mass media coverage."

Then too, he adds, direct mail is capable of delivering a lengthy, informational message to the consumer, and the telemarketing or sales call opens a direct dialogue. All that is important, he says, because "cable is a complicated sale."

By the end of June, some 1.8 million households in every major United Cable market will have received a 12-page direct mail booklet touting United's programs and making a one-time offer to install or upgrade their cable service for just 87¢.

Existing subscribers get their $50,000 Cable Network Challenge game cards in the mail soon after they receive the booklet; new subscribers are given the game package when their cable is installed.

The second phase of the marketing plan calls for telemarketers or door-to-door representatives to contact households that do not respond to the direct mail offers.

The $50,000 Cable Network Challenge game initially was set up to teach new customers about basic. When research also revealed that old customers' awareness of basic was low, the company expanded the game plan to include them.

The game serves another purpose. Because winners must claim their prizes in merchandise ordered through Cable Value Network, the promotion stimulates trial of the home shopping network. United keeps 5% of the CVN sales made through its systems; it also owns a piece of CVN.

When United's marketing campaign hit the suburban Denver market in mid-January, it attracted 800 new basic subscribers for that month and generated a large backlog of orders for February. The campaign's impact surprised company officials.

"After Christmas, people tend to disconnect," says Mr. Susel. "Last year, for example, we lost 300 units in January. And this year we had the price increase, so we would have been happy just to break even. Instead, we recorded the best January ever."

Meanwhile, the first 100,000 game packages dropped in the Denver market generated an unexpectedly high 20% response rate. Among those entries, 58% got all the answers correct to qualify for the $5 prize and gain entry in the sweepstakes.

"I'm stunned by the response," says Mr. Susel, who admits he never expected to have to pay off so many winners. "But I'm delighted. We were told nobody would enter because the game was too complex. But obviously lots of people are taking the trouble to find the right answers—and that means lots of people are learning about cable."

# Promotion shrinks bills

*(Continued from Page S-11)*

Robert Alter, president of Cabletelevision Advertising Bureau, New York, estimates the industry churn rate at 12%. However, Steve Tuttle, spokesman for the National Cable Television Association, Washington, puts the national annual rate at 33%. But the true figure is actually less because most disconnects are because of "people moving and later reconnecting their service across town," he explains.

"The growth of this industry will be due to remarketing," he adds. "We're pretty much finished with rewiring the country except for the last remaining urban pockets, such as the outer boroughs of New York. Promotions like this are welcome."

Margaret Durborow, Van Nuys, Calif.-based VP-marketing and programming for participating United Cable Television, a Denver-based MSO, agrees. "We see this as the beginning of future opportunities to target consumers in a distinctive and effective manner," she says.

"Industry bonding has occurred recently with Los Angeles cable stations agreeing to change to a common channel line up, which helps aid tune-in advertising. But this helps out the institutional, feel-good side of the business," she adds.

Such promotions are particularly timely, as many cable companies are increasing their basic service rates since deregulation took effect Jan. 1.

"It's a way to redress the increases and give cable a positive image," says Melvin Matthews, president, Kinneloa Television Systems in Pasadena, Calif., one of the smaller participating operators in the Glendinning promotion with just 2,500 subscribers. Kinneloa's basic rate is $11.95 a month. "We're lowering it. We think it is fairly high already," he says.

"The main thing that made this attractive to us was that it's a good retention tool. You can hook people in with lower bills. So we jumped on it," he adds.

## Cable penetration

*Top 10 market areas ranked by TV households*

| Market | Percent cable penetration | Cable TV households |
|---|---|---|
| 1. New York | 39.3% | 2,637,690 |
| 2. Los Angeles | 37.9 | 1,661,040 |
| 3. Chicago | 31.3 | 943,570 |
| 4. Philadelphia | 47.4 | 1,192,890 |
| 5. San Francisco-Oakland | 49.5 | 1,021,650 |
| 6. Boston, Manchester | 53.1 | 1,041,030 |
| 7. Detroit | 38.2 | 635,750 |
| 8. Washington D.C. | 33.9 | 525,300 |
| 9. Dallas-Fort Worth | 39.1 | 602,670 |
| 10. Cleveland, Akron | 46.4 | 660,000 |

Source: Cabletelevision Advertsing Bureau

Associate editor Denise Frenner coordinated this report on Cable TV.

**Coming**

Next week Advertising Age's Special Report will focus on **Computers.**

# Grapevine's grasp

(Continued from Page 6)
when adWatch first began monitoring advertising awareness.

Foote, Cone & Belding, San Francisco, handles the raisin account. Leo Burnett Co. USA, Chicago, handles McDonald's.

Rounding out the top 10 in unaided ad awareness, in descending order from third place, were Ford; Coca-Cola; Budweiser/Bud Light; Chevrolet; Miller/Miller Lite; Pepsi; Chrysler; and Marlboro.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Advertising awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the last 30 days.

Consumers are queried on the first ad they remember overall as well as in a variety of product areas. During February, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers can be attributed to more than sample variation.

There were some signs of life last month in the coffee category, but they didn't come from perennial leaders Folgers and Maxwell House.

The big news came from a decaffeinated brand, Sanka.

Sanka's latest campaign, in which a woman talks about her concerns over chemical decaffeinating processes, obviously caught viewers' attention. The brand's advertising awareness rose 3.3 percentage points in February to 7.4% of first mentions, its highest score ever. Young & Rubicam, New York, is the agency.

Folgers remained No. 1 in advertising awareness among coffee marketers, with 24.4% of first mentions last month. Maxwell House ads followed, coming to mind first for 23.5% of the sample.

Taster's Choice, which also has new advertising touting it as "naturally decaffeinated," trailed Sanka with 3.8% of first mentions; Hills Bros. was in fifth place with 3.1%.

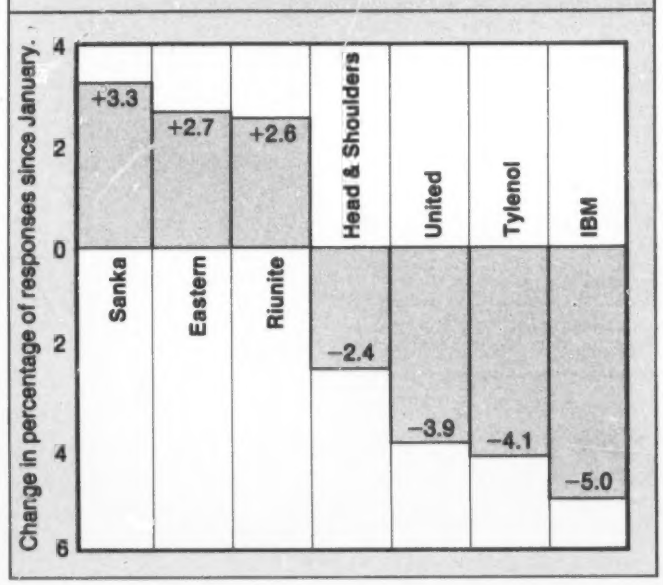
Among other significant changes in February advertising awareness:

- Fare wars tend to cause more excitement in the **airline** category. Eastern's top-of-mind awareness score increased 2.7 percentage points to 10.1% of first mentions, enough to pull it into second place from fourth place last month. United's score dipped 3.9 percentage points to 14.3% of first mentions, but remained No. 1 in airline advertising awareness. American was third with 9.7%.
- IBM's advertising registered the biggest dive in top-of-mind recall in February, dropping 5 percentage points to 16.2% of first mentions in the **computer** category. IBM remains No. 2 in that category behind Apple, whose computer advertising came to mind first for 22.9% of respondents. Tandy Corp.'s Radio Shack was third last month with a 2.5% share of first mentions.#

*For additional information or data, contact SRI Reseach Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.*

## February winners and losers

**Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Source: SRI Research Center Inc., Lincoln, Neb.**




# Frito-Lay

(Continued from Page 70)
goods with GrandMa's cookies.

For a company used to success, and whose benchmark for success is a standard $100 million sales-rate "hurdle" for new products, Max Snax's combined sales performance of $75 million did not make the F-L cut. The three products were pulled from store shelves late last year.

The expensive Max Snax lesson hit home. For Mr. Jordan and other F-L senior management, the failed venture showed that thorough test-marketing of new products is essential.

"We didn't crack the code on Max Snax from a marketing standpoint," Mr. Jordan admitted. "We never quite figured out how to interest the consumer in the products. Our repeat rates were good, but our trial levels did not get up to where we felt they should."

But Rumbles, Stuffers and Toppels are "still good products," he added, "and may be resuscitated in the future."

The attempted combined launch also demonstrated the limitations of the company's widely recognized as exceptional store-door delivery system (a 10,000-person driver sales force delivers direct from the manufacturing plant to individual stores, thus eliminating an intermediate warehousing operation).

There simply were too many new products for trucks to handle, Mr. Jordan said. "We just tried to do too much and overloaded the system," he noted, adding that certain products in the future may require a parallel distribution system.

The aggressive move into these other areas of the total $24 billion snack market was spurred by market research that projected a slowdown in salty-snack consumption.

"Frito-Lay felt a sense of urgency about getting into new products because of indicators that the salty-snack market was softening," said Leo Kiely, senior VP-sales and marketing. "When you have 50% of the market, you want to be at as much view as possible. We didn't want to be at a sins-of-omission position."

But "data that looked like things were slowing down were not accurate," he said, "and we [now] see that salty snacks continue to grow at twice the rate of other food categories.

"From Max Snax, we gained conviction about our core business potential. Last year's base business was better than what we had thought it would be."

Several new items introduced last year did fare well—they were all new flavors of established brands. Cool Ranch Doritos, Chili Cheese Fritos and Jalapeno & Cheddar Lay's potato chips, combined with the relatively new Delta Gold potato chips, added $250 million in new sales.

"I'd say that 1986 initiatives concentrated in traditional salty snacks—where the system clearly had leverage—paid off," Mr. Jordan said.

Now, with his eye riveted on the bottom line, Mr. Jordan said he will apply the Vince Lombardi school of football to snacks: concentrate on a few good moves and win the game. And clearly the moves center around the mainstays.

Still, despite this caution on new products and particularly non-chip items, Mr. Jordan maintained that F-L eventually will be doing "a lot of non-salty snacks."

One "sweet snack" product that he is high on is McCracken's Apple Chips, a sliced, baked apple "chip" in test in Grand Junction, Colo. Test-marketing may be expanded this year; it may be ready for national rollout in two years.

F-L is proceeding slowly not only because of the lessons of '86 but because of McCracken's complex and expensive manufacturing process (in which F-L, in effect, slices apples like it does potatoes).

Nevertheless, Mr. Jordan believes McCracken's could be a "$200 million product."

He added: "We are evaluating a number of different options for taking non-salty snack products to market. Right now, we are just stepping back and asking how we can tackle this. What do we have to do to make those successful? We don't have any answers now—just a lot of questions."

Mr. Jordan probably will find the answers.#

# For the Record

***DFS DORLAND WORLDWIDE***, New York, won Gold International Broadcasting Awards from the Hollywood Radio & Television Society for TV spots for former client Wendy's International, Dublin, Ohio. It won best TV short and best TV series for 1986. The agency lost the Wendy's creative assignment last October to Dick Rich Inc., New York.

***COCA-COLA CO.***, Atlanta, denies it is interested in buying Wendy's International, Dublin, Ohio. The fast-food chain is rumored to be a potential takeover target. The soft-drink company says it continues to have no interest in becoming a competitor to its fast-food customers—a swipe at rival PepsiCo, which while trying to improve its fountain sale business also competes in that category through its restaurant arm with Pizza Hut, Taco Bell and Kentucky Fried Chicken.

***OVERALL CALIFORNIA WINE*** shipments rose by 8% in 1986, with total volume hitting 424 million gallons, says the Wine Institute, a San Francisco-based trade association. Wine coolers, which now account for 19% of the state's wine shipments, showed the largest growth with a 38% jump to 80 million gallons. Shipments of bottled table wine increased 2% to 262 million gallons. Appetizer and dessert wines, with a 2% decline to 30.9 million gallons, showed the sole drop in the category.

***DENNIS BROWN***, 37, will go to bat for the three major advertising industry associations as director of their State Legislative Alert & Action Coalition, which monitors state and local initiatives aimed at advertising. Mr. Brown most recently was a director of TV programs for trade conventions at Teleguide Convention News, a Washington-based production company. Earlier, he held public affairs and industry relations positions with the National Fertilizer Solutions Association and the National Turkey Federation. At the SLAAC, Mr. Brown succeeds Bill Sutherland, who left (AA, Jan. 26).

***FEDERAL TRADE COMMISSION*** Chairman Daniel Oliver is requesting a fiscal 1988 appropriation of $69.85 million; 48% would go for consumer protection. Mr. Oliver, speaking to a House appropriations subcommittee, requested a slight increase in manpower for the consumer protection bureau that regulates advertising and deceptive marketing practices. But Mr. Oliver had no criticisms for major advertisers' practices, which he recently praised in an address to industry officials.

***A CABLE TV*** "must carry" policy approved by the Federal Communications Commission is under fire from the Association of National Advertisers. The ANA says the rule doesn't sufficiently guarantee that cable homes will be able to get over-the-air TV stations. The FCC is requiring cable systems to continue carrying some local TV stations but only for five more years. The rule requires cable operators to offer, for a fee, a device that lets subscribers switch from cable to over-the-air reception.

***THE SENATE COMMERCE COMMITTEE*** overwhelmingly endorsed a bill sponsored by its chairman, Sen. Ernest Hollings (D., S.C.), that would codify the Federal Communications Commission's controversial Fairness Doctrine. Major advertisers have long opposed the doctrine, saying it stifles issue-oriented ads. Similar legislation is anticipated in the House; several congressmen want to put the doctrine into law.

***JAPAN AIR LINES***, New York, is running a $4 million campaign promoting an expanded schedule effective April 1. Each testimonial-style ad features two U.S business executives discussing the benefits of travel on JAL. The effort will run in newsweeklies and major daily newspapers, backed by radio spots in JAL's gateway cities. DCA Advertising handles.

***CAMDEN HOUSE PUBLISHING'S*** *Harrowsmith*, Charlotte, Vt., will get "a significant financial boost" following Editor-Publisher James Lawrence's sale of his Canadian holdings—*Equinox* and *Harrowsmith* magazines—to Toronto-based Telemedia Publishing. Telemedia publishes *Canadian Living* and *TV Guide* in Canada. For starters, the U.S. *Harrowsmith*, introduced in January 1986, will increase its rate base July 1 by 11.1% to 200,000 and again next January by 12.5% to 225,000.

***ACCOUNT ACTIVITY:*** **MainStreet**, Chicago, a specialty-retailing division of Federated Department Stores, is reviewing its $2.5 million broadcast account with undisclosed local agencies after parting with W.B. Doner & Co., Southfield, Mich. The retailer is expected to name finalists by April 8. . . . **Verbatim Corp.**, Eastman Kodak Co.'s floppy-disc subsidiary, Charlotte, N.C., to **Altschiller Reitzfeld**, New York, from D'Arcy Masius Benton & Bowles, San Francisco, for its $5 million account. . . . **Columbia Pictures**, Burbank, Calif., to **Bermudez & Associates**, Los Angeles, as its hispanic marketing consultant. The studio originally planned to hire a full-service agency for the hispanic account but opted instead for a consulting arrangement, as expected (AA, March 2). . . . **Miller Brewing Co.**, Milwaukee, to **Howard/Marlboro Group**, New York, from Focus Marketing, Westport, Conn., sales-promotion agency of record for its Lowenbrau, Meister Brau and Miller Lite brands. . . . **Kayser-Roth Corp.**, Greensboro, N.C., to **Tatham-Laird & Kudner**, Chicago, from Grey Advertising, New York, for Leg Looks pantyhose and additional new-products assignments.

***WORTH NOTING:*** **Eric Ober**, 45, to president, CBS Inc.'s owned-and-operated TV stations, from VP-public affairs broadcasts, CBS News. He succeeds **Peter Lund**, now president, Multimedia Entertainment (AA, March 23). . . . **"Single Man,"** a half-hour TV comedy that was among Fox Broadcasting Co.'s fourth-network backup shows, is on hold, following the sudden death of actor Dean Paul Martin. . . . **Pabst Brewing Co.**, Milwaukee, has signed as a major sponsor of "Tuesday Night Fight" on USA Network, its first significant cable TV venture. Asher/Gould Advertising, Los Angeles, handles Pabst. . . . **Arby's**, Atlanta, has signed comic Jeff Altman as its first commercial spokesman in more than a decade. First TV executions in the second phase of its "Taste the difference" campaign (AA, Feb. 9) start in mid-April. Backer & Spielvogel, New York, handles. . . . **Trusthouse Forte Hotels**, El Cajon, Calif., is running its first national TV campaign in six years for its 450-unit Travelodge chain. The animated spots, created in-house, promote Travelodge's "Special spring rates." . . . **Tiffany & Co.**, New York, filed a registration statement with the Securities & Exchange Commission for an initial public offering of 4 million shares of common stock. The offering is expected to take place by early May, and the price will be between $21 and $23 a share.